GOVERNMENT OF INDIA
FINANCE
LOK SABHA

UNSTARRED QUESTION NO:676
ANSWERED ON:04.03.2005
URBAN/ RURAL CO- OPERATIVE BANKS IN ANDHRA PRADESH
Annayyagari Shri Sai Prathap

Will the Minister of FINANCE be pleased to state:

(a) whether urban/rural co-operative banks in Andhra Pradesh approached Reserve Bank of India for help to overcome their difficulties; and

(b) if so, the details thereof and the action taken by the Government thereon ?

Answer

MINISTER OF STATE IN THE MINISTRY OF FINANCE (SHRI S.S.PALANIMANICKAM)

(a) and (b): The Government of Andhra Pradesh had submitted scheme of reconstruction and revival of two banks viz. The Prudential Co-operative Bank Limited (PCBL) and. The Vasavi Co-operative Urban Bank Limited(VCUBL) to Reserve Bank of India(RBI) demanding claims of Rs.373.02 crore and Rs.127.00 crore respectively to be paid by Deposit Insurance and Credit Guarantee Corporation (DICGC) towards discharge of the obligation to the depositors of the Banks under DICGC Act 1961. As the proposed Reconstruction Scheme did not envisage any financial support by the State Government, the same was found unrealistic and non-workable by RBI and were rejected on 31st March, 2004. RBI advised Govt. of Andhra Pradesh to take all required measures to recover the Non-Performing Assets (NPAs) and infuse capital funds into the banks within the stipulated time frame.